

American Recovery and Reinvestment Act Kansas Clean Diesel Grant Program Application Packet and Instructions



Postmark Deadline:
June 30, 2009



Kansas Department of Health and Environment
Bureau of Air and Radiation
Air Monitoring and Planning Section
1000 SW Jackson, Suite 310
Topeka, KS 66612-1366
<http://www.kdheks.gov/bar/index.html>

Background:

The Kansas Department of Health and Environment (KDHE) has received a grant of approximately \$1.7 million from the Environmental Protection Agency (EPA) and the American Recovery and Reinvestment Act (ARRA) to fund a Clean Diesel Program in Kansas. The goals of this one time funding opportunity are to reduce diesel emissions and retain or create jobs as a product of capital outlay to update diesel fleets plus fuel and operational cost savings after the improvements are made. Small fleet projects (fewer than five diesel vehicles/pieces of equipment) will be allocated 10 percent of the grant funding and large fleet projects (five or more diesel vehicles/pieces of equipment) will be allocated the remaining 90 percent. This is to assure fair assessment of the application for award. ARRA funding is a separate funding source from the funding provided by the Diesel Emission Reduction Act (DERA).

By virtue of their efficiency and durability, diesel engines are the predominant source of power for many areas of our national economy, and are critical components of Kansas industries such as construction, agriculture, railroads, natural gas and oil extraction, and transportation. But diesel engines also pose significant air quality challenges around the country due to their emissions of nitrogen oxides, particulate matter, and air toxics. New federal standards aim to reduce emissions from diesel engines by up to 90% for heavy duty vehicles made in 2007 and beyond. These improvements do not account for the existing fleet of older diesel engines that will remain in service for many years. Several technologies are available to reduce emissions from these older engines, including new types of filters and new ways to reduce truck idling. The ARRA Kansas Clean Diesel Grant Program aims to help advance these technologies by offsetting costs to fleet owners and operators associated with implementing diesel emissions reductions projects.

This is predominantly a **reimbursement program** where only 50 percent of the funding is awarded after the contract process is complete. Both large and small diesel fleets are encouraged to apply. Applicants should indicate their fleet size on the application form and provide a description on the spreadsheet provided. Once an applicant has filled out an application, been chosen for an award and signed a project contract with KDHE, the applicant will receive **50 percent** of the funds they requested. The applicant can then proceed with purchasing the technology/equipment per their application. **The remaining 50 percent of the funding will be paid upon verification of project contract agreement including** documentation to show that the vehicle/equipment has been received and installed, and that the expenses have been incurred and paid by the grant recipient. A cost may not be considered incurred until the grant-funded technology/equipment has been received and accepted by the grant recipient. For small fleet/equipment owners, the minimum amount that may be applied for by an eligible entity is \$5,000 and the maximum amount is \$50,000. For large fleets/equipment owners, the minimum amount that may be applied for by an eligible entity is \$25,000 and a maximum of \$500,000.

Eligible Entities:

Funding is available for large and small public and private diesel fleet/equipment owners, whose facility and vehicles/equipment are stationed in the State of Kansas. No entity may

submit multiple applications. If an entity wants to request funds for multiple technologies (e.g. Diesel oxidation catalyst and vehicle replacement), then all technologies should be included on one grant application form and spreadsheet.

Eligible Projects:

The ARRA Kansas Clean Diesel Grant Program addresses diesel vehicles and equipment that are currently used for either on-road or nonroad applications. Eligible vehicles, engines, and equipment may include, but are not limited to:

- ◆ Buses;
- ◆ Medium-duty or heavy-duty trucks (i.e., over 16,000 lb GVWR);
- ◆ Marine engines;
- ◆ Locomotives; and
- ◆ Nonroad engines or vehicles used in construction, handling of cargo (including at a port or airport), agriculture, mining, or energy production (including stationary generators and pumps).

There are several kinds of clean diesel projects eligible in this program. A list of specific approved technologies has been included as a supplement to this packet, but in general the following are considered eligible:

- ◆ Retrofit technologies verified by either EPA or the California Air Resources Board (CARB);
- ◆ EPA-verified idling reduction technologies;
- ◆ Cleaner fuel use;
- ◆ EPA-verified aerodynamic technologies and low rolling resistance tires;
- ◆ Vehicle replacement; and
- ◆ Engine repowering (i.e., replacing older engines with newer, cleaner engines)

Note that replacement and repowering proposals will be eligible for funding only by meeting all of the conditions that the vehicle, engine, or equipment being replaced/repowered will: (a) be scrapped, or the replaced engine would be returned to the original engine manufacturer for remanufacturing to a cleaner standard; (b) perform the same function as the vehicle, engine, or equipment that is being replaced (e.g., an excavator used to dig pipelines would be replaced by an excavator that continues to dig pipelines); and (c) be of the same type and similar gross vehicle weight rating or horsepower as the vehicle, engine, or equipment being replaced.

All projects should have an anticipated start date of August 2009. Equipment should be installed within 90 days of signing the final agreement with KDHE; extensions of this 90 day requirement must be based on a demonstrated need and approved in writing by KDHE. All funded equipment will be maintained in good condition and functioning at optimum performance for **three** years. If funded equipment is damaged or lost during this three year period, the funded entity will be expected to replace or repair funded equipment to original operating condition. Grant recipients will maintain records of

performance of equipment over this period and will allow KDHE access to these records upon request.

Ineligible Projects:

Equipment that is used for testing emissions and/or fueling infrastructure costs (e.g., blending equipment for testing cost savings using different fuel blends) is not eligible for funding. Emission reductions that result from vehicle, engine, or equipment replacements that would have occurred through normal attrition are considered to be the result of normal fleet turnover and are not eligible for funding under this program. The purchase of new vehicles or equipment to expand a fleet is not covered by this program.

Funding Match Option and Cost Sharing:

While KDHE encourages the use of leveraged funds to enhance and expand proposed projects this “matching of funds” will not be required. Matches can be monetary or in-kind (e.g., labor for installation, etc.).

KDHE will require a project cost-share for vehicle replacement and equipment replacements/repowers. The guidelines for the percentage of cost-share for eligible projects are as follows:

- ♦ *Idling and retrofit technologies and engine upgrades* — up to 100% of the cost of idling or retrofit technologies can be paid by the grant
- ♦ *EPA-verified aerodynamic technologies and low rolling resistance tires* — up to 100% of the cost of these technologies can be paid by the grant
- ♦ *Engine repower* — up to 75% of the cost of an engine repower can be paid by the grant
- ♦ *Verified/Certified Cleaner Fuel Use* — KDHE will fund the cost differential between the eligible cleaner fuels and conventional diesel fuels
- ♦ *Vehicle/equipment replacement* — up to 25% of the cost of a new vehicle or piece of equipment (except for school buses; see below)
- ♦ *School bus replacement* — For buses that meet EPA’s 2010 emissions standards, the grant program will fund up to 50% of the cost of a replacement school bus; for buses that meet EPA’s 2007 emissions standards, the grant program will fund 25% of the cost of a replacement school bus

Application Checklist and Deadline:

To be considered for this funding opportunity, please submit **all** of the following materials:

- ☐ ARRA Application for the Kansas Clean Diesel Grant Program
- ☐ Application Fleet Description (AFD) Spreadsheet (Excel spreadsheet)
- ☐ Letter of commitment (see accompanying sample letter)

The deadline for a complete application to be submitted will be **June 30, 2009**. No application requests received after this deadline will be reviewed. Submit one (1) electronic copy (preferably by e-mail, but may be on a compact disk) and one (1) hard

copy of the signed and completed application form, fleet/equipment description form (Excel spreadsheet) and letter of commitment to:

E-mail submission to:

kwaters@kdheks.gov

Regular mail submission:

Kansas Department of Health & Environment
Bureau of Air and Radiation
1000 SW Jackson, Suite 310
Topeka, KS 66612
Attn: Kathleen Waters

Evaluation Criteria and Scoring:

The following criteria will be used by the evaluation committee when selecting projects:

Economic Stimulus and Job Creation/Preservation: 20 pts.

Under this criterion, applicants will be evaluated on the degree to which the project will stimulate Kansas' and America's economy, and/or create and preserve jobs. Discuss how your project will stimulate the economy and create and/or preserve jobs in your local area, in the state of Kansas, and/or nationally.

Plan for Project: 10 pts.

Under this criterion, applicants will be evaluated on the degree to which the project plan shows a logical path for successful completion, including a budget, reasonable timeline, technology applicability and equipment information. Discuss how you plan to implement the proposed project. Describe the tasks and activities that will be conducted to accomplish the objective of the project.

Programmatic Capability: 10 pts.

Under this criterion, applicants will be evaluated based on their ability to successfully complete and manage the proposed project while taking into account how their experience, knowledge, qualifications and organizational resources will allow them to successfully achieve the goals of the proposed project, including a plan for timely and successfully achieving the objectives of the proposed project. If applicable, applicants may choose to include any past performance in successfully completing and managing projects similar in size, scope and relevance to the proposed project.

Funding Contribution: 10 pts.

Though a match is not required to receive the award, additional funding contributions, such as in-kind services (e.g. providing own installation of mufflers), from applicants will be given priority consideration. If applicable, please describe the amount and source of any funding contribution or match. Please include any in-kind contributions.

Detail and Completeness: 10 pts.

The project description and Applicant Fleet Description Spreadsheet (AFD) must be consistent throughout. The project description must explain the applicant's planned activities and detailed cost estimates.

Projected emissions reductions : 15 pts.

Under this criterion, applicants will be evaluated on the degree to which the project will reduce environmental risks to the public and sensitive populations, especially in densely populated areas or areas that receive a disproportionate quantity of air pollution from diesel vehicles. Under this criterion, applicants will be evaluated on the projected combined reductions of particulate matter (PM) and nitrogen oxides (NO_x). EPA's Diesel Emissions Calculator will be used by KDHE to calculate the reductions. The Diesel Emissions Quantifier (Quantifier) is an interactive tool to help state/local governments, fleet owners/operators, school districts, municipalities, contractors, port authorities, and others to estimate emission reductions and cost effectiveness for clean diesel projects. (<http://cfpub.epa.gov/quantifier/view/index.cfm>)

Air Quality: 15 pts.

Under this criterion, applicants will be evaluated on operating practices that positively affect the air quality where the equipment will be used. Priority will be given to projects where diesel engine idling reduction practices and policies have been established and are adhered to, where oversight or a method of verifying adherence to these policies or practices is in place. This also applies to situations where an applicant already has idling reduction technologies in place. Consideration will also be given to idling reduction policies and programs that are developed as part of this grant application process. Additional considerations are that the applicant has established or will implement a program that provides awareness, education, and guidance on the importance of and means to conserve diesel fuel. In essence, applicants will be evaluated on their efforts to conserve diesel fuel and/or reduce diesel emissions and the implementation of other environmentally friendly measures already in practice.

Cost Effective: 10 pts.

Under this criterion, applicants will be evaluated on the degree to which the project is cost effective and involves vehicles or equipment that have a long expected useful life. KDHE will utilize the EPA's Diesel Emissions Quantifier (<http://cfpub.epa.gov/quantifier/view/index.cfm>) in evaluating a proposal's cost effectiveness relating to the amount of reductions provided by proposed equipment.

KDHE is not obligated to fund an application from an applicant that has demonstrated marginal or unsatisfactory performance on previous grants or contracts with KDHE or other State agencies. Additionally, KDHE may select parts of a proposal for funding and may offer to fund less than the dollar amount requested in a proposal.

Project Period:

- | | |
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| • Grant application package released to public | May 18, 2009 |
| • Deadline for submission of grant application | June 30, 2009 |

- Review period for grant applications
- Applicants notified of selected projects

July 2009

August 2009

Applicants that are not selected during this round of funding will be notified as well and applications will be kept on file for consideration for future possible funding opportunities.

Grant Administration and Reimbursement of Expenses:

Successful applicants will be notified by letter of their selection and the amount of grant funds that may be awarded. Entities selected to receive grant funding will be required to execute a contract with KDHE. All services or work carried out under a contract awarded as a result of this call for projects must be completed within the scope, time frames, and funding limitations specified by the contract. Upon signature and execution of the contract by KDHE, a copy of the executed contract will be returned to the applicant, at which time the grant will be considered awarded. At this time, 50 percent of the grant will be awarded. The purchase of equipment may not occur prior to the contract being fully executed. Additionally, successful applicants must use a competitive process for obtaining contracts for products and services and conduct cost and price analyses to the extent required in 40 CFR Parts 30 or 31, as applicable, as well as any regulations covered by state, local, or internal procurement requirements. All contracts and the purchase of equipment must be conducted in a manner providing free and open competition, to the maximum extent practicable. As such, applicants should refrain from mentioning specific technology producers in their applications unless they are sole source providers. Applicants are not required to identify contractors or consultants in the application. Additionally, if applicants have named a specific contractor or consultant in the application KDHE approves, it does not relieve them of your obligations to comply with competitive procurement requirements as well as any regulations covered by federal, state, local, or internal procurement requirements. Please describe the competitive bid process in the application. All projects must be completed by the end of the state fiscal year 2010 (June 30, 2010).

The other 50 percent of the award will be paid out on a reimbursement basis for eligible expenses incurred and paid by the grant recipient. A cost may not be considered incurred until the grant-funded technology/equipment has been received and accepted by the grant recipient. Request for reimbursement shall include documentation to show that the vehicle/equipment has been received and installed, and that the expenses have been incurred and paid by the grant recipient. **Under no circumstances will reimbursement payments be issued for expenses incurred prior to the date of contract execution.**